

determining a situation of market disruption, due consideration has to be given to the evolution of the state of the domestic industry in the importing country, including its export performance and the market share held by this industry.

7. Participants agreed that in examining the factors causing a situation of market disruption, due consideration shall be given to both factors (i) and (ii) indicated in Paragraph II of Annex A.

8. The view was expressed that special difficulties may be created for importing countries which administer restraints imposed under Article 3, paragraph 5 on the basis of date of export when, in the absence of a mutually agreed solution as indicated in Article 3, paragraph 8, an imminent and measurable increase in imports may arise which would cause recurrence or exacerbation of market disruption or impede the steady and orderly development of trade. It was agreed that in such cases, and after submission to the Textiles Surveillance Body in accordance with Article 3, paragraph 8, the importing country may extend for one further period of twelve months the restraint previously applied. Growth and flexibility shall be accorded to the subsequent twelve-month restraint in accordance with provisions of paragraphs 3 and 5 of Annex B.

9. It was recalled that in exceptional cases where there is a recurrence or exacerbation of a situation of market disruption as referred to in Annex A and paragraphs 2 and 3 of Annex B, a lower positive growth rate for a particular product from a particular source may be agreed upon between the parties to a bilateral agreement. It was further agreed that where such agreement has taken into account the growing impact of a heavily utilized quota with a very large restraint level for the product in question from a particular source, accounting for a very large share of the market of the importing country for textiles and clothing, the exporting party to the agreement concerned may agree to any mutually acceptable arrangements with regard to flexibility.

10. The Committee also confirmed that exporting participants, predominant in the exporting of textile products in all the following fibres (cotton, wool and man-made fibres) covered by the Arrangement, may agree with importing participants to any mutually acceptable solution as regards growth and flexibility; but in no case should such growth and flexibility be negative. Importing participants at the same time recognized the importance to predominant exporting participants of stability in the textile trade and the need to ensure that stability and certainty throughout the full life of their bilateral agreements, keeping in mind also the need for orderly development of trade in textiles.

11. The view was expressed that real difficulties may be caused in importing countries by sharp and substantial increases in imports as a result of significant differences between larger restraint